STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC UTILITY CONTROL

THE COMMERCE COMMITTEE

Senate Bill 324: AAC ENERGY AND THE STATE'S ECONOMY

March 2, 2010

TESTIMONY OF CHAIRMAN KEVIN M. DELGOBBO

The Department of Public Utility Control (Department) would support Senate Bill No. 324, if the following recommendations are adopted. The Department questions whether electric ratepayers would fund projects intended to result in natural gas and oil savings. If so, the Department requests that the Committee not approve any such cross-subsidizations of electric ratepayer's money. Lastly, the Department would also suggest further Department oversight of the newly created Council as it currently has over the ECMB.

Senate Bill No. 324 would amend the Electric Efficiency Partners Program which was established pursuant to P.A. 07-242, An Act Concerning Electricity and Energy Efficiency. This bill contains several provisions amending the original program, most notably, it would authorize the electric distribution companies (EDC's) to own and operate Class I renewable generation in the State and to also participate in the Electric Efficiency Partners Program. The Department recognizes that this bill would unleash advantages that new technologies can provide to both ratepayers and the market.

This version of the Electric Efficiency Partners program would also be expanded to include natural gas, oil and those technologies, which lower consumption or are more efficient uses of these resources. Also, commencing, July of this year, the evaluation and approval process of new partners and technologies would no longer be performed by the Energy Conservation Board (ECMB). This responsibility would reside with a new board, the Energy Innovation Council, a four member council made up by the Department, the executive director of the Connecticut Center for Advanced Technologies, the director of the Renewable Energy Investments Fund, and the chairman of the Institute for Sustainable Energy.

The Council would evaluate each project to establish whether the proposed project meets one of the following system cost-benefit analyses: generates a system benefit-to-cost ratio of at lease one and one-half to one, or an electric benefit of at least one-to one and integrates Class I sources, or produces natural gas or oil savings. Projects approved under the above-specified analysis are then sent to the Department for its review. EDC's are allowed to recover their full costs based on a formula approved by the Department pursuant to a hearing process. With this shift in policy, the Department is concerned that the program will quickly reach its $60 million dollar cap and requests, therefore, that the Committee consider lowering the overall spending level.

The Department thanks the Committee for this opportunity to comment on this bill and looks forward to working with this Committee.

Ten Franklin Square · New Britain, Connecticut 06051 · Phone: 860-827-1553 · Fax: 860-827-2613
Email: dpucexecutivesecretary@po.state.ct.us · Internet: www.state.ct.us/dpuc